



# Department of Justice

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## **JUSTICE DEPARTMENT FILES SUIT TO BLOCK SUNGARD'S ACQUISITION OF COMDISCO INC.'S DISASTER RECOVERY ASSETS**

### **Deal Could Result in Higher Prices and Lower Quality Disaster Recovery Services**

WASHINGTON, D.C. -- The Department of Justice announced today that it filed a civil antitrust lawsuit yesterday to block SunGard Data Systems Inc. from acquiring certain assets of Comdisco Inc. because the proposed transaction would likely result in higher prices and lower quality services in the provision of shared "hotsite" disaster recovery services for large scale enterprise computer processing centers in North America.

The lawsuit which was unsealed today and filed in U.S. District Court in Washington, D.C., alleges that the proposed acquisition is likely to reduce competition significantly in the sale of shared hotsite disaster recovery services provided to consumers in the event of an interruption or failure of a computer data center due to natural disaster or some other incapacitating event.

SunGard and Comdisco are two of only three major suppliers of shared hotsite services for recovery of applications that businesses run on the largest and most powerful data processing equipment, such as IBM mainframe computers or high-end platforms. SunGard and Comdisco compete directly against each other, and with a third major supplier. For many customers, SunGard and Comdisco are the closest and best competitive alternatives, based upon considerations of hotsite systems offerings, service, and price.

"Unless this transaction is blocked, consumers of this vital service will be forced to pay

higher prices and receive lower quality services,” said R. Hewitt Pate, Deputy Assistant Attorney General at the Department’s Antitrust Division. “We brought this case to preserve competition for consumers--major companies, universities, and governmental entities.”

Hotsite services are provided on a subscription basis to many customers who share the costs of the facility. A disaster recovery hotsite is a computer processing facility owned and operated by a disaster recovery services provider that enables consumers to restore mission-critical computer operations, usually within 16 to 96 hours, at a remote site.

SunGard, a Delaware corporation with its principal place of business in Wayne, Pennsylvania, is a major supplier of information technology solutions for the financial industry as well as a major supplier of disaster recovery services. In 2000, SunGard had total corporate revenues in excess of \$1.6 billion, of which approximately \$289 million was from the sale of shared hotsite disaster recovery services.

Comdisco is a Delaware corporation with its principal place of business in Rosemont, Illinois. Comdisco is a provider of computer and other electronics equipment leasing and computer services, as well as a major supplier of disaster recovery services. In FY 2000, Comdisco had total revenues of nearly \$3.9 billion, including approximately \$202 million for shared disaster recovery hotsite services.

On July 15, 2001, Hewlett-Packard Company agreed to acquire substantially all of Comdisco’s business that provides disaster recovery planning and services for approximately \$610 million in cash. On July 16, 2001, Comdisco filed a voluntary Chapter 11 bankruptcy petition with the U.S. Bankruptcy Court for the Northern District of Illinois, Eastern Division, and on August 9, 2001, the bankruptcy court ordered that the relevant Comdisco assets be sold

pursuant to an auction held on October 11, 2001, with the Hewlett-Packard agreement constituting the auction floor.

SunGard offered the highest of two bids at the auction, with a bid of \$825 million, and was selected as the successful bidder. Unless SunGard is prevented from proceeding with the acquisition, it plans to close the transaction immediately after it is approved by the bankruptcy court as the successful bidder.

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